

City of Norfolk's
Legislative Priorities for the
2012 Virginia General Assembly Session

-Council Approved Draft-

11/9/11

Norfolk City Council

Paul D. Fraim, Mayor, At Large

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Paul R. Riddick, Ward 4

Barclay C. Winn, Super Ward 6

Dr. Theresa Whibley, Ward 2

Andrew Protogyrou, Ward 1

Thomas Smigiel, Ward 5

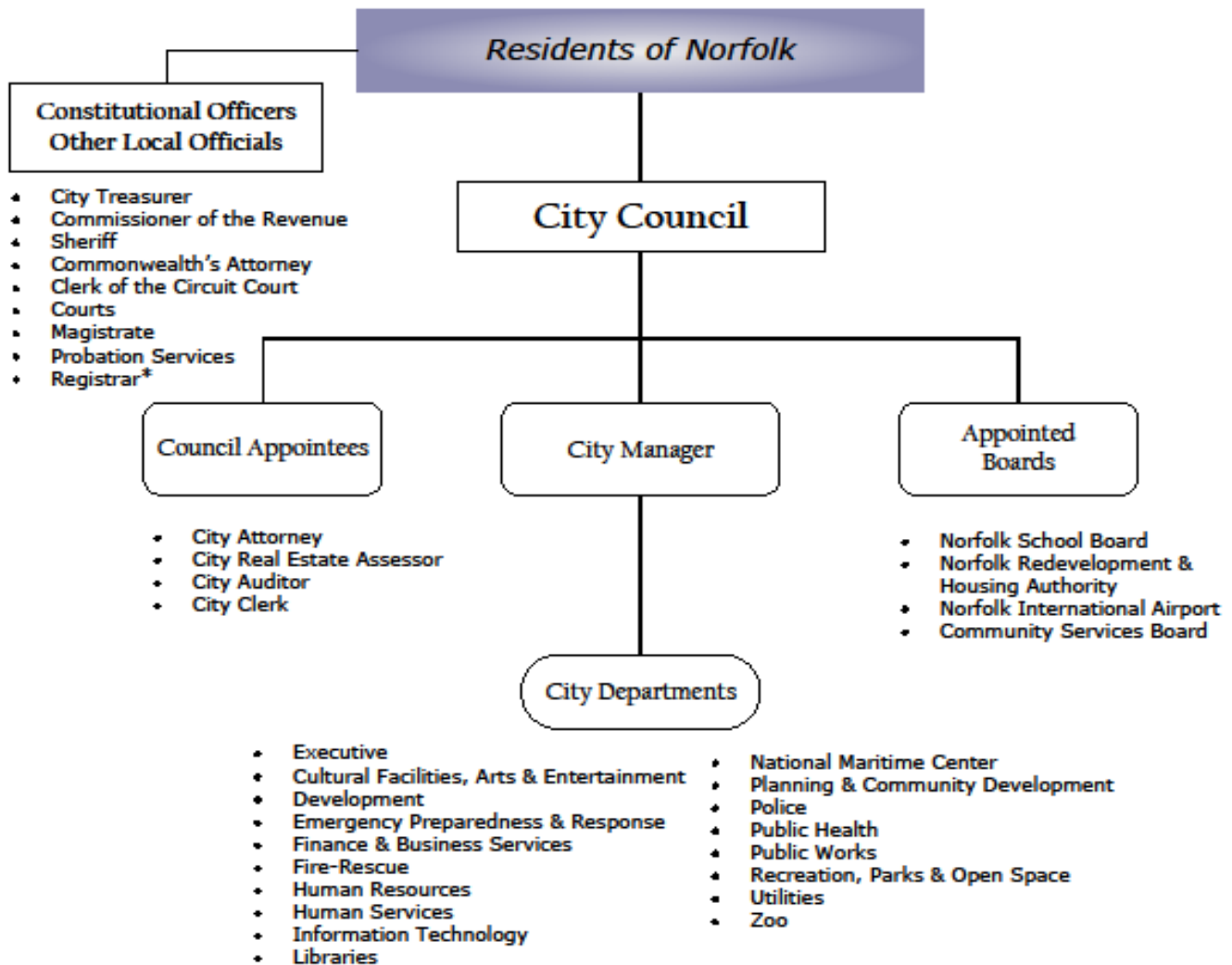
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City of Norfolk Organization Chart



*Appointed by State Board of Elections

City of Norfolk’s Priorities

Safe, Healthy and
Inclusive Communities

Economic Vitality and
Workforce Development

Lifelong Learning

Accessibility, Mobility
and Connectivity

Sustainability

Well-Managed Government

Summary Sheet of Norfolk's Priority Legislative Requests & Statements of Legislative Support or Opposition

The City seeks legislation to:

1. Conduct a one-year study to examine the overall effectiveness of current adaptation efforts to address *relative* sea level rise and coastal flooding in Virginia's shoreline and coastal communities.

The City supports legislation that:

1. Creates and sufficiently funds consistent and reliable state transportation funding
2. Supports the Hampton Roads Transportation Planning Organization's 2012 Virginia General Assembly Legislative Agenda (Attachment I)
3. Provides dedicated / adequate state appropriations to the Water Quality Improvement Fund
4. Amends the Virginia Small Business Financing Act's definition of "eligible business"
5. Fully funds the Virginia Enterprise Zone Program
6. Bans or strictly prohibits and deters "predatory" car title lending practices
7. Requires online travel companies to remit occupancy taxes based on the full cost for lodging
8. Authorizes alternatives for advertising of state required public notices for public hearings
9. Allows local governments to prohibit or restrict the carrying of weapons in public buildings
10. Establishes an intercity passenger rail operating and capital fund revenue source
11. Supports the Virginia First Cities 2012 Virginia General Assembly Legislative Agenda (Attachment II)
12. Fully restores State Aide-to-Localities reductions
13. Requires the Commonwealth to aggressively pursue federal funding for the continuation and expansion of intercity passenger rail services in the Hampton Roads region
14. Supports the Hampton Roads Partnership's 2012 Virginia General Assembly Legislative Agenda (Attachment III)
15. Supports the Norfolk Public Schools 2012 Virginia General Assembly Legislative Priorities Agenda (Attachment IV)
16. Codifies the Commonwealth's Wireless E-911 Distribution Formula
17. Creates a Virginia Housing Trust Fund

The City opposes legislation that:

1. Eliminates or reduces BPOL and/or Machinery and Tools taxes
2. Enacts an Eminent Domain Constitutional Amendment
3. Further reduces state funding of public schools
4. Lifts the Commonwealth's current moratorium on mining and milling of uranium until studies convincingly demonstrate that it is safe for the environment and citizens
5. Imposes ABC Privatization initiatives that supersede local zoning authority and abilities to impose and collect local taxes/fees
6. Imposes new mandates with fiscal impacts on local governments
7. Requires animal control officers to be trained as law enforcement officers
8. Directs a portion of the Local Government Investment Pool's assets to unrated financial institutions
9. Reduces or eliminates street maintenance payments from the Commonwealth
10. Imposes any future reductions in State Aide-to-Libraries

Legislative Requests

- 1. The City of Norfolk requests that the Commonwealth conduct a one-year study to examine the overall effectiveness of current adaptation efforts to address relative sea level rise and coastal flooding in Virginia's shoreline and coastal communities.*

Since 1930 the relative mean sea level rise in Virginia's portion of the Chesapeake Bay has increased at Sewells Point by 14.5 inches. This makes Swells Point the highest increase on the east coast. From the empirical evidence collected and according to the Virginia Institute of Marine Science, Virginia can expect up to one foot of additional relative sea level rise by 2050.

Virginia local governments lack the ability to integrate comprehensive costal shoreline planning efforts to address the impending relative sea level rise. The complexity of defining problem and solution necessitates a more proactive approach to better understanding our state's current dilemma. The City of Norfolk therefore requests that the Commonwealth conduct a one-year study to examine the overall effectiveness of current adaptation efforts to address relative sea level rise and costal flooding in Virginia's shoreline and costal communities.

Legislative Positions of Support

1. The City supports efforts to create sufficient, consistent and reliable transportation funding to address the State's current and future transportation needs.

The provision of a safe, efficient transportation network is critical to the economic vitality of the State and region, and essential if we are to meet mobility and public safety needs now and in the future. Yet transportation revenues continue to decline, resulting in unprecedented funding reductions even when it comes to maintaining the system we have now. Currently contemplated proposals to reduce State road maintenance payments would make the situation worse.

Although the Norfolk City Council is grateful to the Governor and the General Assembly for the approximately \$3 Billion in new roadway construction funding identified in the Governor's recently passed Transportation Plan, approximately \$1.8 Billion of those funds are bonds that will be serviced by future federal transportation appropriations to the state, \$500 Million is being used to create a new Transportation Infrastructure Bank, and many of the Governor's funded projects have been backlogged for many years.

What is desperately needed is a sufficient, consistent, and reliable transportation funding source to address our Commonwealth's current and future transportation needs. This may include an increase in the currently levied, yet insufficient, gas tax or through a direct annual appropriation to begin addressing our critical transportation demands. As outlined in more detail below, The City of Norfolk has three major areas of concern regarding state funding of transportation demands:

1A. The Commonwealth has insufficient revenue collection capacity to provide critical transportation funding.

Since 1986, vehicle miles traveled has increased by approximately 40% while roadway lane miles across the Commonwealth have increased only 10%. The situation has been made worse over the years since Virginia's current gas tax of 17.5 cents per gallon (enacted in 1987) now only has the purchasing power of 8 cents per gallon. Improvements in automobile fuel efficiency, hybrid technology, and enhanced public transportation options are likely to further erode revenue brought in by any gas tax.

Virginia has a much lower state gas tax than its surrounding states: Maryland (23.5 cents), North Carolina (35.3 cents), West Virginia (32.2 cents), and Kentucky (27.8 cents). As of July 1, 2011, the national average for federal and state gas tax per gallon was 48.9 cents.

The City of Norfolk feels it is time for the General Assembly and Governor to seriously consider whether the Commonwealth's current gas tax is sufficiently applied to help meet our transportation needs.

1B. The Commonwealth has insufficient roadway system maintenance funding provisions.

In 2011 over \$550 million will be transferred from the state's construction fund to the maintenance fund. Yet the cost of statewide roadway maintenance continues to outpace our state's ability to fund it. The cost to replace all of the state's deficient bridge structures is now approaching \$4 billion, the cost to address immediate interstate and primary pavement needs is approximately \$1 billion, and new roadways add \$50 million in maintenance costs a year.

Localities must have adequate, dependable, and consistent roadway maintenance funding from the Commonwealth to meet our on-going roadway maintenance demands to better support economic growth.

1C. The Commonwealth has insufficient roadway construction funding provisions.

The Hampton Roads Transportation Planning Organization (HRTPO) has identified \$30 Billion in regional construction needs over the next 20 years. However, only \$13.6 Billion in traditional federal and state funding are envisioned as being available to the region. Regional roadway maintenance requirements are projected to be \$12.35 Billion over the same timeframe. This would mean that if the HRTPO forecast is accurate only \$1.25 Billion would be available for the construction of regional transportation capacity projects in Hampton Roads. This would be significantly less than the currently forecasted demand for new regional roadway infrastructure.

In summary many localities are already providing an ever increasing local funding to meet State transportation needs/obligations. Over the past several years, localities have increasingly been required to fund a much larger percentage of transportation facility construction and maintenance costs. State transportation funding is required for two purposes: (1) maintenance of our existing infrastructure; and (2) construction of new roadway projects to meet existing and future mobility needs across the Commonwealth. However a sufficient funding source to meet these demands has yet to be identified.

2. The City supports the Hampton Roads Planning Organization's 2012 Virginia General Assembly Legislative Agenda (see Attachment I)

3. The City supports legislation that provides dedicated and adequate state appropriations to the Water Quality Improvement Fund.

Virginia's local governments face mounting costs for water quality improvements for sewage treatment plants, urban stormwater, combined sewer overflows (CSOs), and sanitary sewer overflows (SSOs). To the extent these costs are the result of federal and state legislation, regulation and policies, the City urges the Commonwealth to provide adequate funding for these expensive mandates.

The Norfolk City Council supports dedicated and adequate state appropriations to the Water Quality Improvement Fund to make full and timely payments under point source upgrade contracts with local governments.

4. The City supports legislation that amends the Virginia Small Business Financing Act's definition of "eligible business."

The 2003 General Assembly amended definition of "eligible business" in the Virginia Small Business Financing Act, Va. Code Sec. 2.2-2279, et seq. (the "Act"), to allow the VSBFA to issue bonds not only for "small" for-profit businesses, but also for 501(c)(3) non-profit organizations *of any size*. This represented a major expansion of the VSBFA's jurisdiction, as previously "eligible businesses" were limited to for-profit entities meeting various gross income, employment, or net worth limits (which essentially defined a "small business").

Prior to this time, large non-profits had to work with their municipal Industrial Development Authority (IDA) or Economic Development Authority (EDA) and local City Council in order to have the IDA or EDA issue the bonds after a local public hearing and City Council approval. Because the VSBFA can decide to issue bonds for one of these large non-profits without a local public hearing or approval, the financing of these projects can be approved without local citizen input or City Council approval. This usurps local government control related to the development or expansion of these large non-profits in their own communities.

As a necessary funding source to support regional economic efforts, local EDAs have traditionally charged borrowers obtaining tax-exempt bonds an administrative fee (typically 1/8 of 1% per annum on the outstanding principal balance of the bonds, allowed under the IRS's arbitrage rule). Large non-profits do not pay local taxes. In most cases, the only direct revenues that accrue to localities from these developments are the bond administrative fees. Yet, as these large non-profits continue to grow, the host locality is required to provide commiserate levels of municipal services, such as police, fire, transportation and utility infrastructure, etc.

The expansion of VSBFA's jurisdiction currently allows large non-profits to avoid bond administrative fees from local EDA's. This situation was exacerbated in January 2008, when the VSBFA, which already charged a lower fee rate of 1/10 of 1%, capped its administrative fees (currently at \$125,000) per year for non-profits of any size.

As larger 501 (c)(3) organizations continue to turn to the VSBFA instead of their local EDA for their bonds, there will be significant adverse financial consequences for localities caused by competition from an agency of the Commonwealth.

By financing large business, VSBFA has not only had a negative impact on local municipalities, but also has strayed from its core mission of helping small businesses. This action also diverts a traditional local revenue stream to the VSBFA, where it is deployed to promote economic development elsewhere in the Commonwealth, the VSBFA effects a redistribution of municipal income to support out-of-town projects and impoverishes local economic development departments that depend on administrative fees from non-profits' bond issues to support local economic development initiatives.

The City supports legislation to limit the VSBFA's issuance of tax-free debt to only small non-profits that*:

- Have received \$10 million or less in annual gross receipts for its last three (3) years or less of operation;
- Have fewer than 250 employees; and
- Have a net worth of \$2 million or less.

***Please note that the above definition mirrors the federal government's definition of a small business. Currently, the Commonwealth of Virginia does not define a small business and recognizes 501 (c)(3) status based upon the federal government's designation.**

5. The City supports legislation that fully funds the Virginia Enterprise Zone Program.

The Virginia Enterprise Zone program encourages new business activity by providing state and local tax relief and grants. This program creates an improved climate for private sector investment, development, and expansion in targeted areas. The Virginia Enterprise Zone Act allows for the proration of grant amounts in the event that the General Assembly does not appropriate enough funding for the program. Prorating Enterprise Zone grants means companies, including ones in Norfolk, do not receive the economic development incentives that they were promised to locate or expand within the established Enterprise Zone.

The Enterprise Zone program is currently only paying 62% of every dollar for each qualifying project. The consistent underfunding of this program negatively impacts the City's ability to attract businesses to Norfolk. The City therefore supports legislation that provides full funding for this vital and heavily subscribed economic development program.

6. The City supports legislation that bans or strictly prohibits and deters "predatory" car-title lending practices.

The Norfolk City Council continues to share the ongoing concern that predatory lending practices such as those used by car title lenders pose a threat to the well-being of the City and the Commonwealth. Many of the car title lenders charge excessive fees, fail to verify a borrower's ability to repay, and target the elderly, low income, and minority citizens. Borrowers that find themselves in hard economic times often become caught up in a vicious cycle of recurring short-term compounding high interest debt upon debt.

In Virginia, maximum rates are set by statute (Va. Code § 6.2-2216), but the statutory scheme institutes a confusing stepped system of rates that not only allows interest to be calculated monthly, which obfuscates the actual annual rate paid, but also levies different rates on different portions of the same loan. The Norfolk City Council therefore supports legislation that bans or strictly deters "predatory" car title lending practices.

7. The City supports legislation to ensure that transient occupancy taxes are based on the cost of the room as paid by the customer.

During the 2011 General Assembly Session, legislation (SB 972 – Whipple) would have required retail sales and hotel taxes on transient rooms (hotel rooms) be computed based on the total charge or price paid. Currently, when a customer reserves a room online from a hotel website, they pay the full sales tax for that room. However, when the online travel companies rent rooms, the sales on the entire price is not paid. The Online Travel Companies (OTCs) buy blocks of unused rooms and resell them. However, the hotel tax is hidden within a service fee charged that shows up on the customer's credit card bill. This is not a new tax, but a fair collection of existing taxes.

The City of Norfolk supports legislation that would require a hotel or similar establishment that contracts with an intermediary to facilitate the sale of the room to pay taxes based upon the cost of the room as paid by the customer.

8. The City supports legislation that authorizes alternatives for advertising of required public notices.

Throughout the Code of Virginia there are numerous sections that require advertising of public notices in a “newspaper published or having general circulation in the locality.” Seemingly, the intent of this requirement is to provide information to the public in such a way as to inform the greatest number of available options. However newspaper circulation continues to decline as more citizens look to the internet for their news and information.

Notwithstanding any requirements for a locality to publish legal advertisements in a newspaper of general circulation, the City of Norfolk supports legislation that would allow local governments to instead publish legal advertisements on their local government website, local public access channel, and other media outlets.

9. The City supports legislation authorizing local governments to prohibit or restrict the carrying of weapons in public administration buildings.

10. The City supports the identification of a dedicated source of funds to support intercity passenger rail service in the Hampton Roads Region.

11. The City supports the Virginia First Cities’ 2012 Virginia General Assembly Legislative Agenda (see Attachment II)

12. The City supports the restoration of State Aid-to-Localities Reductions.

For the past few years the Commonwealth has annually assessed each locality a prescribed repayment of its State-Aid-to-Localities (ATL) funding. ATL funds are used to pay for critical public services like public safety and public education. Localities can either chose the ATL program for reduction or the Commonwealth withdraws funds from various ATL accounts automatically.

Unfortunately, across the board reductions in ATL payments disproportionately impact urban core cities like Norfolk. In FY 12 Norfolk’s ATL reduction is \$2.7 million and is expected to grow if this budget practice is continued.

Balancing the state’s budget by essentially defunding payments to local governments for critical public services is a partial default on the state’s responsibility to provide a proportionally fair share for core services. The City of Norfolk asks the General Assembly to reverse the \$60 million per year reduction for local governments in FY 12 and eliminate future aid-to-localities reductions for the upcoming biennium.

13. The City supports legislation requiring the Commonwealth to aggressively pursue federal funding for the continuation and expansion of intercity and high-speed passenger rail services in the Hampton Roads region.

14. The City supports the Hampton Roads Partnership’s 2012 Virginia General Assembly Legislative Agenda (see Attachment III)

15. The City supports legislation to codify the Wireless E-911 Distribution Formula.

The average annual revenue received by the Commonwealth from the wireless E-911 surcharge on cellular phone use in Virginia is \$54 million. Approximately \$25-\$28 million is distributed to Public Safety Answering Points (PSAPs) and carriers under a 60/30/10 revenue sharing formula.

In September 2011, the Virginia Wireless E-911 Board voted to change the way the distribution formula is calculated effective Fiscal Year 2013. As a result of this Board's arbitrary change, funding will drop by 19.5% and Norfolk will experience a loss of approximately \$792,000 over a 3 year period

As a whole the Hampton Roads region stands to loss 30% of its current combined wireless surcharge. If the E-911 wireless distribution formula remains as recently approved, there will be future negative impacts on the City's ability to hire and retain qualified Norfolk's 911 employees, and it will lessen our ability to maintain, repair, and upgrade critical equipment and applications and prepare for Next Generation 911.

The City of Norfolk supports legislation to amend the Code of Virginia §56-484.17 (C) to make clear that the E-911 funding distribution formula can only be changed by legislative approval, and not by the E-911 Board. This will require the distribution of wireless surcharges be based on the geographic locations from which the fees are collected and the wireless emergency calls are received.

16. The City supports the creation of a Virginia Housing Trust Fund

A Virginia Housing Trust Fund (VHTF) would establish a consistent and dedicated revenue source to be used to help develop more affordable housing solutions throughout the Commonwealth. In addition to promoting home ownership, the Trust Fund would also offer broad-reaching and flexible solutions to the varied housing challenges that Virginian's are now facing. In addition to promoting home-ownership, the VHTF would also support the development of affordable rental options, housing deigned to meet the needs of seniors and persons with disabilities, as well as provide much needed funding resources to provide services to the homelessness.

Forty states, including Maryland, North Carolina, and West Virginia, have already established housing trust funds to address the housing challenges in their communities. Affordable housing options and services to our homeless citizens are desperately needed.

Virginia and the nation are just beginning to emerge from the most serious economic crisis in generations. At the center of the crisis has been the collapse of the housing market. Homeowners in Virginia have lost billions of dollars of equity in their homes, rental costs are rising faster than incomes, foreclosures are hollowing out neighborhoods, and homelessness is on the rise for the first time in a decade. Against this backdrop we have seen the deepest cuts to the federal housing programs in 30 years.

Governor McDonnell has recognized the seriousness of this situation and has put several housing policy initiatives in place since taking office. A Virginia Housing Policy Framework was released last fall that begins to connect a range of state policies to housing, including regulatory reform. The Governor also recently adopted an initiative to reduce homelessness by 15% during

his term. The creation of a Virginia Housing Trust Fund has been identified as an important implementation strategy to achieve this goal.

The City therefore supports the creation of a Virginia Housing Trust Fund.

Legislative Positions of Opposition

1. The City opposes legislation to curtail or eliminate BPOL and/or Machinery and Tools taxes.

Given the limited revenue generating options available to local governments in the Commonwealth of Virginia, the City of Norfolk continues to oppose any efforts to further limit local government taxing authority, including Business, Professional and Occupational License (BPOL) tax and Machinery and Tools (M&T) tax.

2. The City opposes the enactment of an Eminent Domain Constitutional Amendment.

Over the last several years, the General Assembly has adopted legislation to significantly limit the acquisition of property by eminent domain. Some of these new laws make it more difficult for local governments and housing authorities to improve neighborhoods through redevelopment. For example, the new statutes impose stringent procedural requirements on condemnation of blighted properties and strictly limit the types of properties that can be acquired through eminent domain by use of a conservation plan.

Additionally, since adoption of current eminent domain laws, there has not been a recorded challenge in which a Virginia court has agreed that existing state laws regarding the use of eminent domain condemnation is insufficient. Therefore, the City takes the position that it is unnecessary to amend the Constitution of Virginia to further limit the use of eminent domain powers. Such an amendment could unduly limit the ability of future legislatures to modify the eminent domain powers to meet the needs of Virginia residents.

3. The City opposes legislation that further reduces state funding of public schools.

The City supports full funding of state education programs including the Standards of Quality, incentive, categorical, and school facilities programs. The Commonwealth has a constitutional obligation to meet its education funding obligations.

Considering the significant cuts in the state's funding support of public education, the City of Norfolk opposes any legislation that: (1) changes current public education funding responsibilities between the Commonwealth and localities ; (2) decreases further funding provisions for school positions classified as support;" and (3) increases educational requirements or mandates both state and federal without commiserate increases in funding.

4. The City opposes any legislative efforts to lift the Commonwealth's current moratorium on mining and milling of uranium until studies convincingly demonstrate that it is safe for the environment and citizens.

In 1983 the Virginia General Assembly enacted a moratorium on uranium mining due to heightened public sensitivity after nuclear reactor accidents and uranium mining containment

cell breaches. However, newly discovered uranium deposits in Pittsylvania County and skyrocketing uranium prices have renewed interest.

The source of the uranium mining deposit is upstream, through a series of tributaries, from Lake Gaston. The developer of the proposed uranium mine, Uranium, Inc., has commissioned, through the state, a study by the National Academy of Sciences. This study of the risks associated with uranium mining, as well as its potential economic benefits, is now expected to be released late November 2011.

Uranium mining, milling, and waste disposal of generated wastes potentially poses significant health and environmental concerns for the Commonwealth of Virginia and mining should not be permitted until all these concerns are addressed. There will be a very limited amount of time for comprehensive review of the National Academy of Sciences studies by all interested and potentially effected parties. Therefore the City of Norfolk urges the General Assembly to strongly consider maintaining the current moratorium on uranium mining until at least the 2013 Session.

5. The City opposes the imposition of ABC Privatization initiatives that supersede local zoning authority and the locality's abilities to impose and collect authorized taxes/fees.

If privatization of the sale of liquor is to occur, local governments must maintain full authority to apply current zoning laws to businesses selling liquor and must retain full authority to participate in the ABC licensing process. Further, if ABC privatization occurs, the licensing process must fully accommodate the ability of small, minority and women-owned businesses to procure licenses, and not be priced out by large corporate interests.

The City further opposes any legislative efforts that supersede local authority to impose and collect taxes related to the sale of alcohol. Moreover, currently allocated state revenues from liquor that support behavioral health and other state services must be maintained on an annual basis at no less than the current level. Lastly, if the state receives any profits from privatization, a portion of such money should be distributed to Virginia localities similar to the revenue commitment codified in Va. Code § 4.1-117.

6. Considering the significant state cuts to local governments already absorbed, the City opposes any new mandates with fiscal impacts on local governments.

7. The City opposes legislation requiring Animal Control Officers to be trained as Law Enforcement Officers.

8. The City opposes legislation that directs a portion of the Local Government Investment Pool's assets to unrated financial institutions.

The City opposes efforts by the General Assembly to direct a portion of the Pool's assets to unrated financial institutions. Such actions will jeopardize the Pool's rating; thereby diminishing the Pool's earnings; and subjecting localities to penalties and costly delays in accessing funding.

This intrusion by the General Assembly into the management of local tax dollars violates the “prudent person rule” which requires portfolio managers to manage funds for the benefit of participants.

9. The City opposes any reduction or elimination of street maintenance payments from the Commonwealth.

At a recent meeting of the Commonwealth Transportation Board, Virginia Secretary of Transportation Sean Connaughton discussed the possibility of reducing annual road maintenance payments to local governments. Under consideration is a 20% reduction proposal to reduce total state maintenance payments to localities. If implemented, this would represent an additional \$76 million reduction in the state’s support of local street maintenance.

This proposal contemplates a potential change in VDOT’s payment rate methodology for urban localities. Currently, urban localities receive \$17,819 for each lane mile of arterial road they maintain and \$10,461 for each lane mile of “other” state maintained streets. Under the proposed allocation scenario, urban localities would instead receive \$25,600 per lane mile for primary roads and \$5,000 per lane mile for “other” streets.

Since localities like Norfolk maintain fewer primary roads, this change would mean a reduction in total state funding for street maintenance. For Norfolk this policy change would mean a \$2.8 million reduction to a street maintenance fund with a long list of priority projects waiting for sufficient funds to proceed.

10. The City opposes any further reductions in State-Aid-to-Libraries

The Commonwealth’s full funding of required state-aid-to-libraries was last achieved in FY 2001. During FY 2011 and 2012, the General Assembly reduced state support by approximately 50%.

Libraries provide important public services and are community gathering places for our citizens. While demand for library services has steadily increased, state funding to support their operations has steadily declined. The need for additional funding or at least the level of funding required under State policy is desperately needed. The City of Norfolk therefore opposes any further reductions in state-aid-to-libraries.

Attachment I



**HAMPTON ROADS TRANSPORTATION PLANNING ORGANIZATION
BOARD RESOLUTION 2011-05**

**A RESOLUTION OF THE HAMPTON ROADS TRANSPORTATION PLANNING ORGANIZATION
ENDORING THE HRTPO 2012 LEGISLATIVE AGENDA.**

WHEREAS, the Hampton Roads Transportation Planning Organization (HRTPO), designated by the Governor of the Commonwealth of Virginia in accordance with Section 134, Title 23, United States Code (23 USC 134) and applicable federal and state regulations, is the policy body responsible for the urban transportation planning and programming process of the Hampton Roads metropolitan planning area;

WHEREAS, the Hampton Roads metropolitan planning area includes the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg; the counties of Isle of Wight, James City, and York; and a portion of Gloucester County;

WHEREAS, the HRTPO Board is comprised primarily of local elected officials and General Assembly members, representatives from the regional transit authorities as well as from state agencies such as the Virginia Department of Transportation, Department of Rail and Public Transportation, Virginia Port Authority and Virginia Department of Aviation, and federal agencies such as the Federal Highway Administration, Federal Transit Administration, and Federal Aviation Administration;

WHEREAS, the HRTPO Legislative Ad-hoc Committee developed a list of legislative priorities to aid in the preparation of the HRTPO Legislative Agenda for the 2012 General Assembly session;

WHEREAS, the HRTPO has compiled the following nine legislative priorities to form the HRTPO 2012 Legislative Agenda for the purpose of conveying the information to the General Assembly for its review and consideration for the 2012 General Assembly session:

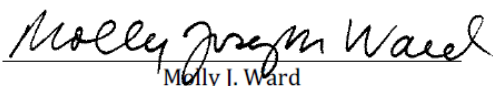
- The HRTPO supports synchronizing the Statewide Transportation Improvement Program (STIP) and the Six-Year Improvement Program (SYIP) into one statewide programming document that is consistent with federal regulations and demonstrates allocations, obligations, and expenditures.
- The HRTPO supports the implementation of the recommendations of the December 2010 Joint Legislative Audit and Review Commission (JLARC) audit as it pertains to review of Virginia's transportation planning and programming.
- The HRTPO supports the synchronization of the codification of metropolitan planning organizations (MPOs), the Virginia Department of Transportation and Department of Rail and Public Transportation in the Code of Virginia to align with the federal regulations on transportation as they pertain to the role, responsibilities and products of MPOs and State agencies in the transportation planning and programming processes.

- The HRTPO supports legislation that requires sufficient funds to be provided to fully fund the Highway and Maintenance Operating Fund.
- The HRTPO supports the identification of a dedicated source of funds to support passenger rail operating costs between Richmond/Petersburg and Hampton Roads including the Peninsula and Southside.
- The HRTPO supports legislation requiring that the Commonwealth of Virginia pursue federal funding for the continuation and expansion of intercity and high-speed passenger rail service in the Hampton Roads region.
- The HRTPO supports the removal of the matching requirement for passenger rail projects as prescribed in the Rail Enhancement Fund; *"Such projects shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, or a local government source, or a combination of such sources."*
- The HRTPO supports the addition of "federal funds" to the list of matching sources for passenger rail projects seeking funding from the Rail Enhancement Fund; amending the sentence *"Such projects shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, or a local government source, or a combination of such sources."*
- The HRTPO supports reconstitution of the representation on the Commonwealth Transportation Board that is more commensurate with the population distribution of the Commonwealth.

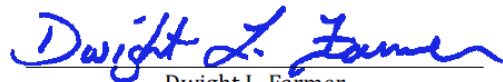
WHEREAS, upon approval, this resolution will be transmitted to local governments and the Hampton Roads Delegation of the General Assembly.

NOW, THEREFORE, BE IT RESOLVED that the Hampton Roads Transportation Planning Organization hereby endorses the HRTPO 2012 Legislative Agenda.

APPROVED and ADOPTED by the Hampton Roads Transportation Planning Organization Board at its meeting on the 20th day of October, 2011.



Molly J. Ward
Chair
Hampton Roads Transportation
Planning Organization



Dwight L. Farmer
Executive Director/Secretary
Hampton Roads Transportation
Planning Organization

Attachment II



2012 LEGISLATIVE AGENDA

RESTORE THE STATE-LOCAL PARTNERSHIP IN THE DELIVERY OF STATE MANDATED SERVICES

VFC strongly supports restoring funds for state programs that have a disproportionate impact on cities with high fiscal stress, high poverty concentrations, and aging urban infrastructure. VFC supports funding for the following **Priority Programs**:

At-Risk Education Incentive Programs
CSA/CSB's
Juvenile Justice Assistance
Brownfields
Public Transit

State Aid to Local Police Depts. (HB 599)
Local Jails and Per Diems
Enterprise Zone Programs
Street Maintenance Payments
Passenger Rail

- **Eliminate the Mandatory Aid to Locality (ATL) Reductions:** The state should appropriate its “surplus” revenues to eliminate the \$60M /yr. mandatory reduction in aid to localities (ATLs). VFC localities bear 24.5% of the ATL funding reduction with only 13.3% of the state population.

K-12 EDUCATION

Reduce the achievement gap and improve Virginia’s workforce and long-term economy by directing additional funds to public schools with high at-risk populations to increase graduation rates and educational attainment.

- **Endorse the DOE preliminary re-benchmarking policies for the 2012-14 biennium that:**
 - Do not apply the 38% federal deduct state policy to ARRA SFSF federal stimulus funds and recognize their use as a temporary replacement for state general funds. This is necessary to avoid a “poverty penalty” on schools with large numbers of at-risk students.
 - Fully re-benchmarks at-risk funding programs with the use of general funds, not only constrained lottery proceeds.
 - Discontinues “no inflation adjustments” for non-personnel services and returns to the prior policy of a “soft cap” for inflation.
- **Implement recent JLARC recommendations to promote third grade reading performance:**
 - Provide additional \$500,000 per year to fully staff PALS office (train the trainers).
 - Fund literacy coaches in school divisions with low reading 3rd grade SOL scores.
 - Fund Board of Education recommendation on reading specialists.
 - Eliminate science and history SOL testing (but maintain curriculum) in 3rd grade.
- **Fund all SOQ policy adjustments proposed by the state Board of Education:**
 - (Reading and Math Specialists most important to VFC)
- **Support policies to offset the impact of negative LCI changes. For example:**
 - Reinstate the enrollment loss program eliminated in FY 2010.
 - Support the JLARC proposal for a population density adjustment as a proxy for “municipal overburden.”

- **Increase funding for at-risk student programs. For example:**
 - Provide an exemption for the "1 support position for every 4 teachers" SOQ standard for schools not meeting new graduation requirements.
 - Increase the SOQ Prevention, Intervention, and Remediation Program by increasing the assumed hours needed or lowering the per pupil teacher ratio.

EMPLOYMENT AND ECONOMIC DEVELOPMENT

Give priority to rural and urban localities with high unemployment. As of July 2011, Virginia First Cities had an 8.7% unemployment rate versus the statewide rate of 6.2%. VFC localities had 44,900, or 17%, of the state's unemployed.

- **Job Training and Creation:** A comprehensive approach should include priority funds for the education of at-risk students and workforce training at community colleges. This is a recommendation of the *Governor's Commission on Economic Development and Job Creation*.
- **Oppose Eminent Domain Constitutional Amendment:** A constitutional amendment is unnecessary since eminent domain laws were strengthened in 2007 to limit condemnation by housing authorities and localities. The 2012 constitutional amendment would significantly increase the cost and may stop transportation and jobs and utility projects and even make parades prohibitively expensive.
- **Brownfields Funding:** Continue the Brownfield Restoration and Economic Redevelopment Assistance Fund in the 2012-14 biennium. Regulations have been successfully promulgated and projects have begun applying for funding using the FY 2012 \$1 million appropriation. The Fund is used for the purpose of restoring land parcels or buildings with environmental problems so they can be marketed to new economic development prospects.
- **Enterprise Zone Program:** Provide full funding of the successful state public-private Enterprise Zone Program as recommended by the *Governor's Commission on Economic Development and Job Creation*. Build on actions of the 2011 General Assembly to eliminate funding the pro-ration (62% in FY11) and meet state commitments to businesses.
- **Property Receivership Program:** Support legislation allowing private sector or local government to renovate derelict structures under certain circumstances.
- **Neighborhood Preservation:** Support policies that maintain vibrant neighborhoods and eliminate blight. The *Governor's Economic Development and Job Commission* recommends providing state financial and tax incentives to: 1) enhance the economic feasibility of reusing vacant, abandoned, and derelict structures and 2) encourage private investment to rehabilitate buildings in older neighborhoods and commercial districts.
- **Housing Trust Fund:** Support the establishment of a Housing Trust Fund to increase affordable housing across urban areas.
- **Industrial Site Redevelopment:** Continue funding the Derelict Structures Fund to rehabilitate industrial sites for reuse.

TRANSPORTATION/LAND USE/INFRASTRUCTURE

General Positions:

- **Oppose shifting additional general funds to transportation.**
- **Enact state transportation revenue increases** to adequately support the transportation network.
- **Support state transportation land use policy** initiatives that use existing infrastructure, support city redevelopment, and discourage dispersed development patterns.
- **Maintain street maintenance funding** and policies to maintain critical city and town infrastructure, at a growth rate of 4% annually as has been the practice over the last decade. City streets are a vital part of the regional transportation network, and are more expensive to maintain due to heavy use, age, the need to accommodate pedestrian, bus, auto and truck service and complex adjacent utilities.

- Increase state funds for **public transportation** and provide strong incentives for participation by all localities in the provision of **regional public transportation** service. As major new service begins, all transit providers will receive a smaller portion of funds unless state funding increases. Public transportation is vital to managing congestion and access to regional employment.
- Provide increasing state dedicated funds to maintain and expand successful **inter-city passenger rail service in Virginia**. Increase the state share of the rental car tax by 4 cents, dedicating 3 cents to passenger rail operations and 1 cent to tourism.
 - Oppose federal action to eliminate state funded **AMTRAK service**—this would cut 64% of Virginia’s passenger rail service
- **Water and Sewer Infrastructure:** support funding to maintain and improve critical water and sewer infrastructure. The Water Quality Improvement fund has a \$104M shortfall for 57 signed wastewater grant projects and \$239 in new projects. VFC supports providing ongoing reliable revenues to implement the Watershed Implementation Plan and for TMDL planning grants [300 million through 2017] to meet TMDL reduction plan requirements, meet the 5% reduction targets of large wastewater systems and plan for cost effective retrofits. This will help prevent utility rates from a rapid rise, protecting rate payers, manufacturers and jobs

OTHER POSITIONS

- Maintain access to poverty prevention initiatives that work including the “**Smart Beginnings**” initiative and the successful “**Healthy Families**” program.
- **State Prisoner Re-entry:** Support these programs to reduce recidivism and create safer communities.
- **Gubernatorial Succession:** Support legislation allowing Virginia's governor to serve a maximum of two successive terms.
- **Predatory Lending:** Support the enactment of laws strictly prohibiting and deterring all predatory, usurious lending practices, including provisions that:
 - Provide an interest rate cap of thirty-six percent (36%), calculated as an effective annual percentage rate including all fees or charges of any kind, for any consumer credit extended in the Commonwealth of Virginia;
 - Prohibit a creditor’s use of a personal check or other device as a means, directly or indirectly, to gain access to a consumer’s bank account; and
 - Incorporate into the Virginia Code the protections regarding consumer credit to military personnel as reflected in the Military Lending Act, 10 United States Code Section 987.
- **No Additional State Mandates:** The state should refrain from passing additional local unfunded mandates and postpone the implementation of costly regulations with a local fiscal impact.
- **BPOL /Machinery and Tools Tax:** Oppose efforts to eliminate these important revenue sources due to the impact their loss would have on local revenue.

REGIONAL STRATEGIES

- The state should incentivize regional cooperation and service delivery to promote efficiency, mitigate inequities, and overcome barriers that result from Virginia’s unique local government structure and moratorium on annexation.

Attachment III

2012 State Legislative Agenda

Hampton Roads Partnership:

Providing leadership to focus on the strategic issues that will improve Hampton Roads' competitive position in the global economy.



Hampton Roads, America's First Region

- **Capitalizing the Intercity Passenger Rail Operating and Capital Fund**
- **Creating the Virginia Federal Facilities and Defense Industry Caucus**

HAMPTON ROADS 2012 LEGISLATIVE AGENDA

Capitalizing the Intercity Passenger Rail Operating and Capital Fund

Issue Summary

Section 209 of the federal Passenger Rail Improvement and Investment Act of 2008 (PRIIA) requires that states assume 100% of the operating cost and 25% of the capital equipment costs for all existing Amtrak service of 750 miles or less, and all new high-speed rail service, by October 2013.

The Commonwealth of Virginia currently hosts six such round trip trains, and is actively working to add additional service. Without a dedicated and sustainable revenue source to support these new costs, existing passenger rail service is potentially in jeopardy, and funding new infrastructure and operating costs to support new service would be difficult.

In 2011, Governor McDonnell proposed and the General Assembly passed legislation creating an Intercity Passenger Rail Operating and Capital Fund. However, the Fund has no current revenue source.

Proposal

Increase the current rental car tax from 10% to either 14% or 15% and use those revenues to capitalize the Fund.

Background

There are six current round trip trains that will require a new source of state funding as a result of the provisions in PRIIA Section 209:

- Two Amtrak trains from Newport News to the Northeast Corridor (NEC)
- Two Amtrak trains from Richmond to the NEC, with the aspiration to extend to Norfolk
- One state-funded train from Lynchburg to the NEC
- One state-funded train from Richmond to the NEC, to be extended to Norfolk by 2013

The Department of Rail and Public Transportation (DRPT) estimates that the total operating needs for these trains between FY 2011 and FY 2012 is \$276 million. Furthermore, funding for capacity improvements to bring up the second and third extensions to Norfolk has yet to be allocated.

Additionally, the state is studying expansion of service from Lynchburg to Roanoke and Bristol, and Lynchburg to Richmond. There is currently no viable funding mechanism to construct the capacity necessary to operate this service, nor to operate it.

Freight and intercity passenger rail are the only transportation modes that do not receive dedicated funding from the Commonwealth Transportation Trust Fund. There are numerous ongoing and one-time funding streams that have been used for rail development in recent years, but the primary source has been the Rail Enhancement Fund (REF). Enacted by Governor Warner and the General Assembly in 2005, the REF is a dedicated funding source for rail projects that is generated from a 3% set-aside of the 10% tax on rental cars. The revenue produced by the REF is approximately \$20 to \$25 million annually.

By statute, the REF is a capital infrastructure program that requires a 30% private or local match. As a result, it is often difficult to fund passenger rail projects from the REF, as cash-constrained local governments are unable to contribute substantial amounts to expensive capacity expansion projects. And the REF may not be used to support operating expenses.

Amending the statute to allow more flexibility in the REF, either by eliminating the 30% match or allowing it to be accessed for operating costs, would be short-sighted. The significant advances made by the Commonwealth in rail network development have been a direct result of DRPT maximizing scarce public resources by leveraging funds other than REF. As a result, state funds have been used to advance critical freight projects such as Norfolk Southern's Heartland and Crescent Corridors, the CSX National Gateway and numerous rail improvements at the Port of Virginia, including the Commonwealth Railway and Norfolk International Terminal expansion. Hampton Roads' reliance on an efficient freight network to alleviate highway congestion requires the continued availability of dedicated funding for freight-related projects.

Discussion/Data

The concept of using rental car taxes to support rail transportation in Virginia is well-tested, sound and easily collectible, and lends itself well to address shortfalls in passenger rail operating costs and, potentially, capital improvements intended solely to expand passenger rail.

According to 2010 data, ten other states dedicate all or a portion of rental tax revenue for transportation purposes. Thirty-three states currently levy taxes on rental cars; fifteen of those states, including Virginia, tax rental cars at either the 10% , 11% or 12% rate. Only Nevada (12.85%), Minnesota (13.075%), Texas (15%) and Arkansas (16%) charge higher rates.

There is no data available to determine what percentage of car renters are in-state vs. out-of-state, so I would be hesitant to push this as a tax on non-Virginians. A random sampling of rental rates charged at Virginia airports in November 2010 showed 31% of the total cost of renting a car was taxes, surcharges and fees.

Decision

According to DRPT projects, a 4% increase to the rental car tax would generate an additional \$27-\$33 million in annual revenues for the Fund. If revenue collection (at the \$30 million level) was initiated in 2012, operating costs associated with all current service plus the three Norfolk trains would be covered through the 2021 horizon, with a \$29 million surplus for potential capacity expansion. The projected annual operating costs will begin exceeding projected annual revenues in 2017.

HAMPTON ROADS 2012 LEGISLATIVE AGENDA **Creating the Virginia Federal Facilities and Defense Industry Caucus**

The mission of the Virginia Federal Facilities and Defense Industry Caucus is to increase Virginia General Assembly members' and state agencies' awareness and understanding of the issues facing Virginia's legislative districts that host federal facilities or have concentrations of private businesses focusing on the Federal sector.

The main objectives of the Caucus are:

- To build a venue for General Assembly members to discuss issues that impact the legislative districts hosting federal installations and ancillary defense industries;
- To improve awareness regarding these issues across the Commonwealth and strategize appropriate measures for addressing potential issues that impact the Commonwealth's federal and defense industry;
- To build coalitions of support to increase efforts for the United States defense industry supporting national security; and
- To promote the creation of sufficient and necessary funding of activities to protect and expand Virginia's national defense capabilities.

Attachment IV

Norfolk Public Schools
2012 Virginia General Assembly Legislative Agenda

(To be inserted)